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January 26, 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Memorandum of Ex Parte Communication**

Ms. Magalie Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Dear Ms. Salas:

Re: CC Docket No. 96 -262 - Access Charge Reform  
CC Docket No. 97 - 158 CCB/CPD 97-67 - SWBT Transmittal No. 2633

On Friday, January 23, 1998, Mr. Andrew Bursten, President of Coastal Telephone Company, participated in meetings with the following members of the Commission in three separate meetings:

- Commissioner Furchtgott-Roth and Mr. Kevin Martin, Common Carrier Legal Advisor to the Commissioner
- Mr. Michael Riordan, Chief Economist, Mr. Pat DeGraba & Mr. Gary Biglaiser, from the Office of Plans & Policy, and Ms. Jane Jackson, Mr. Brad Wimmer, & Mr. Jay Atkinson, from the Common Carrier Bureau
- Ms. Tamara Preiss, Mr. Richard Cameron, Mr. Aaron Goldschmidt and Mr. David Konuch, all of the Competitive Pricing Division

Joining Mr. Bursten in the meetings from SBC were Ms. Sandy Kinney, Vice President & General Manager for Industry Markets and the undersigned. Mr. Dale (Zeke) Robertson, Senior Vice President - FCC also attended the first two meetings listed above.

Mr. Bursten described the number of providers of interstate access service available to Coastal, with a focus on special access services. Mr. Bursten indicated that Coastal



purchases its special access services after evaluating competitive offerings and generally does not utilize SWBT as a provider of special access service because its generally available tariffed offerings cannot meet his business needs.

Ms. Kinney described SWBT's urgent need to obtain pricing flexibility, such as customer specific pricing, in competitive markets in order to satisfy the expectations of customers such as Coastal. She distributed the attached information that depicts the competitive fiber networks in the Texas cities of Dallas and Houston, as well as the High Capacity market share of CAPs in cities within SBC's operating territories.

We are submitting the original and one copy of this Memorandum to the Secretary in accordance with Section 1.1206(b)(2) of the Commission's rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me at (202) 326-8889 should you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jay Bennett", with a long horizontal flourish extending to the right.

Cc: Commissioner Furchtgott-Roth, K. Martin, M. Riordan, P. DeGraba, G. Biglaiser, J. Jackson, B. Wimmer, J. Atkinson, T. Preiss, R. Cameron, A. Goldschmidt, D. Konuch (all w/o attachments)



# Competitive Fiber Networks Dallas, TX

## LEGEND

POP Locations for RFP

Central Office Locations for RFP

TCG Fiber (being bought by AT&T)

MFS Fiber (now Worldcom)

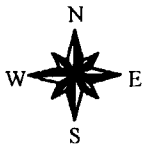
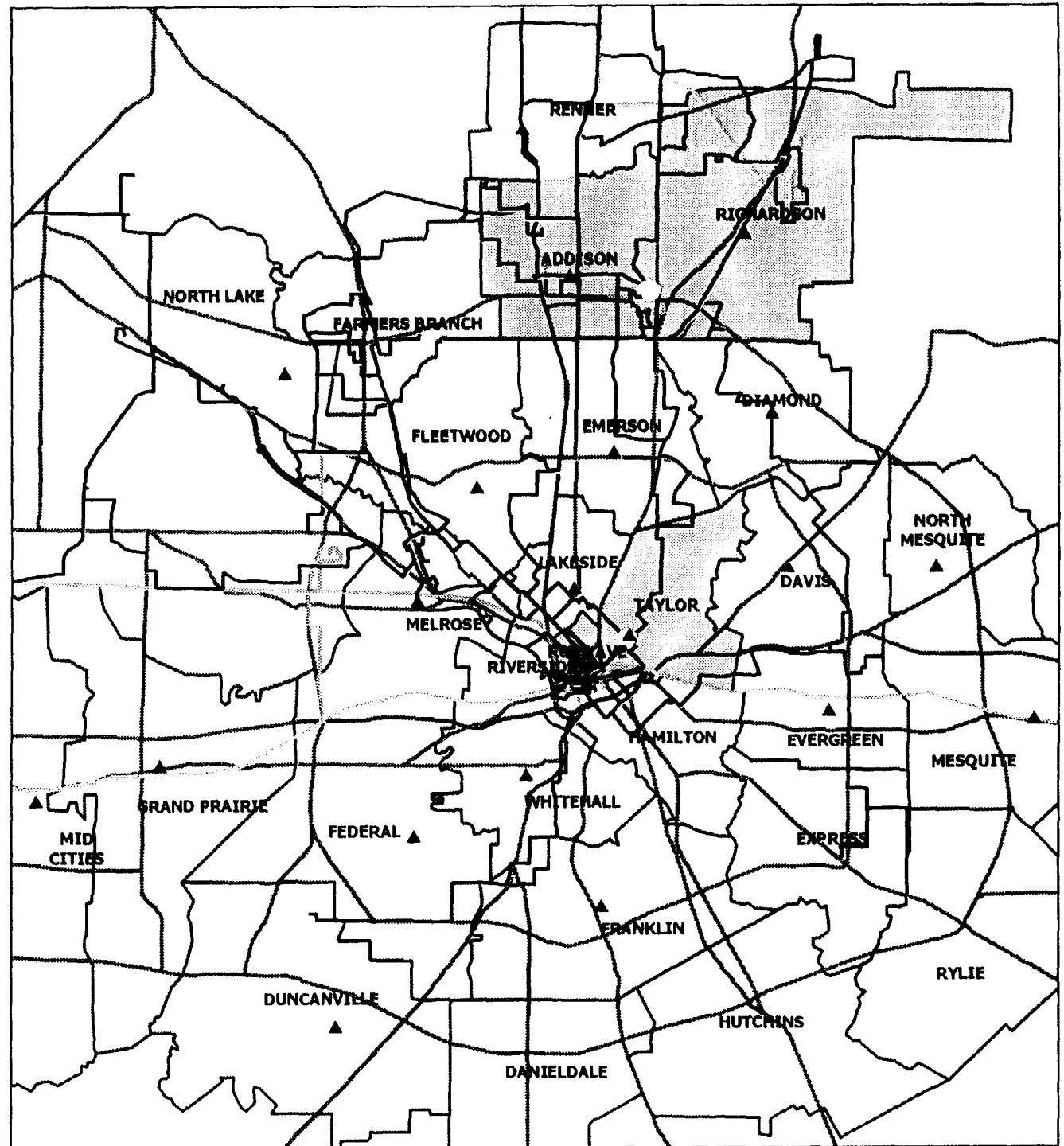
Metro Access Fiber (now Worldcom)

MCI Metro Fiber (now Worldcom)

Highways

Zone 1 Wire Centers

Wire Centers



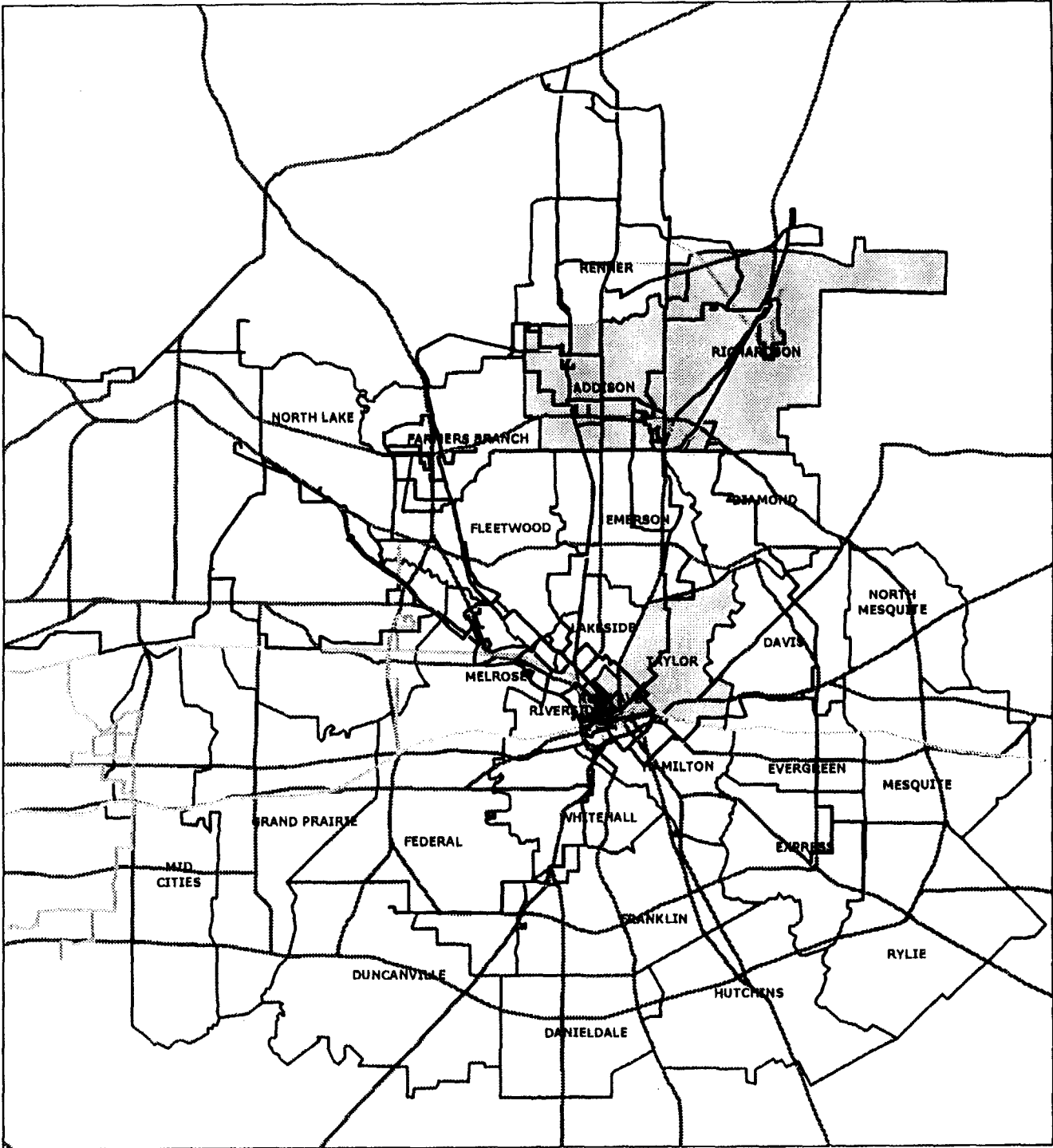
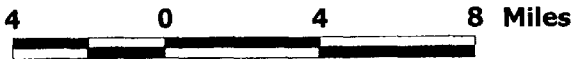
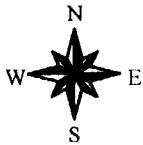
3 0 3 6 Miles





# Competitive Fiber Networks Dallas, TX

- LEGEND**
- TCG Fiber (being bought by AT&T)
  - MFS Fiber (now Worldcom)
  - Metro Access Fiber (now Worldcom)
  - MCI Metro Fiber (now Worldcom)
  - Highways
  - Zone 1 Wire Centers
  - Wire Centers

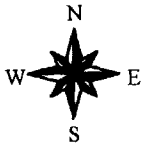




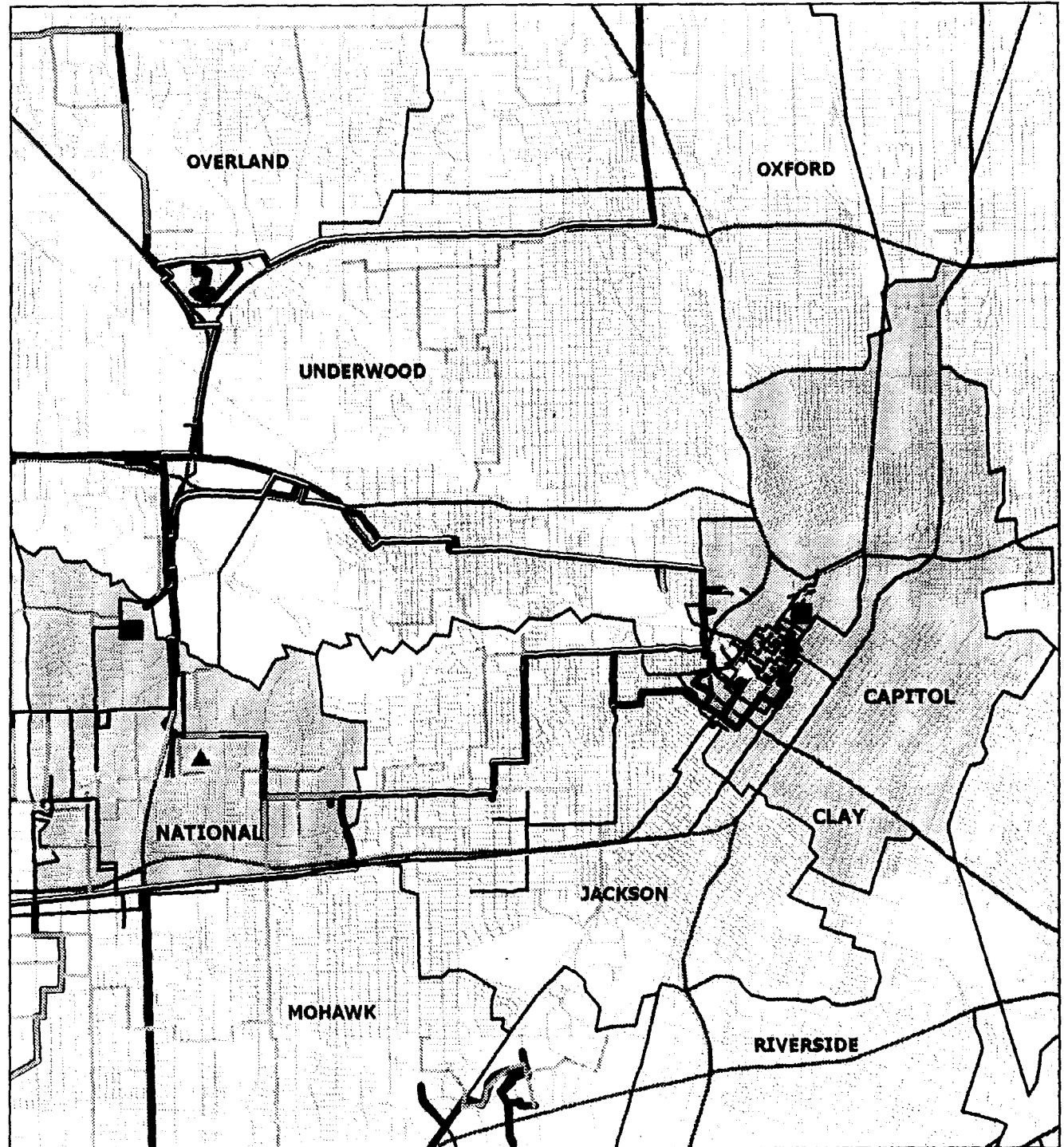
# Competitive Fiber Networks Houston, TX

## LEGEND

- ▲ Capitol Central Office - RFP Site
- Clay Central Office - RFP Site
- Customer Location - RFP Site
- ▲ National Central Office - RFP Site
- ══ MFS Fiber (now Worldcom)
- ══ TCG Fiber (being bought by AT&T)
- ══ Time Warner Fiber
- ══ MCI Fiber (now Worldcom)
- ══ Phonoscope Fiber
- ══ Highways
- ══ Streets
- Zone 1 Wire Centers
- Wire Centers











1 0 1 2 Miles





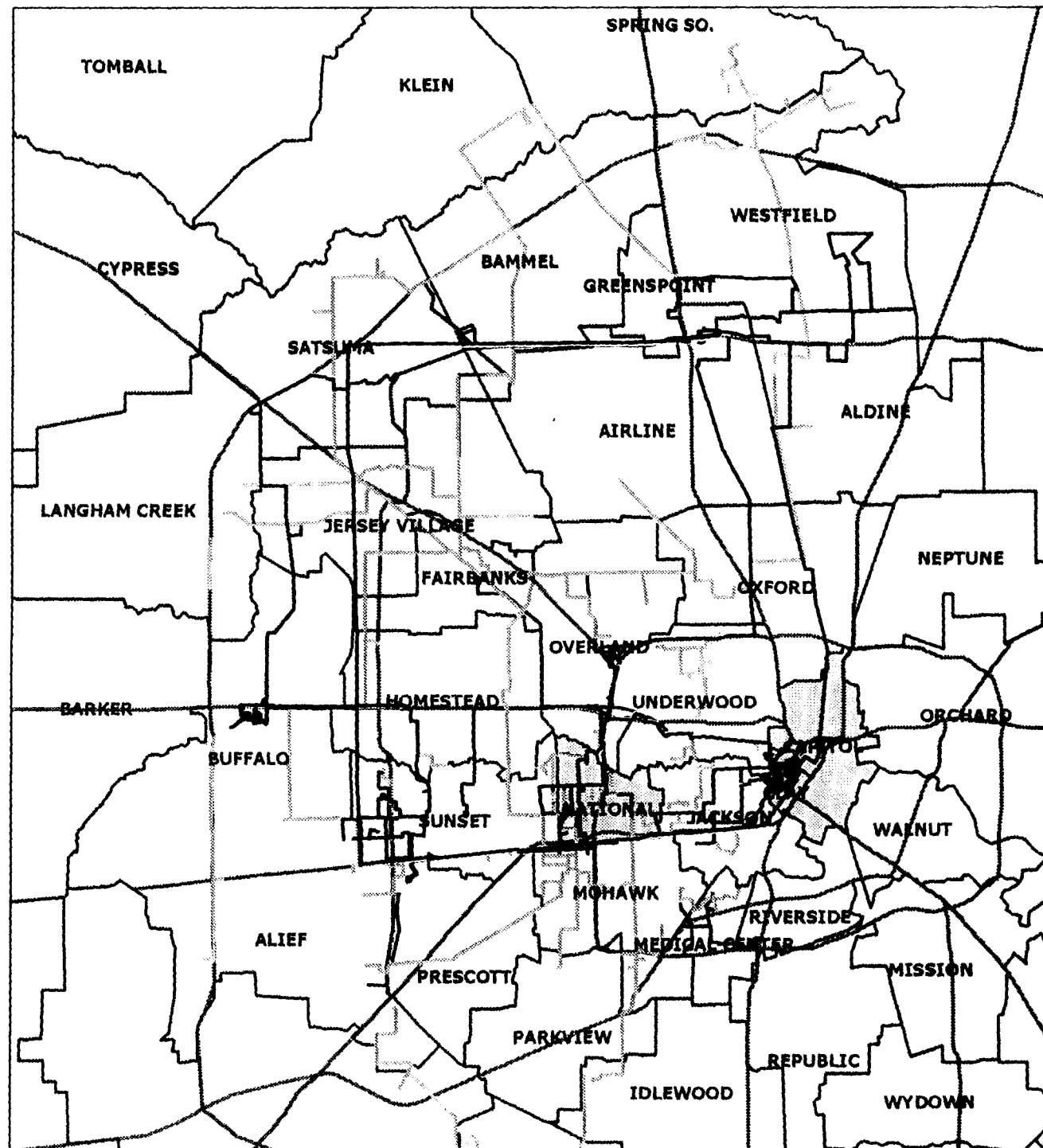
# Competitive Fiber Networks Houston, TX

## LEGEND

-  MFS Fiber (now Worldcom)
-  TCG Fiber (being bought by AT&T)
-  Time Warner Fiber
-  MCI Fiber (now Worldcom)
-  Phonoscope Fiber
-  Highways
-  Zone 1 Wire Centers
-  Wire Centers



3 0 3 6 Miles



- CAPs have been successful in the areas they have chosen to compete

City	CAP Market Share	CAPs operating in these Metro Areas
Dallas	43%	MFS, TCG, MCI Metro, ACSI, Brooks, MAN
Houston	38%	MFS, TCG, MCI Metro, MAN, Time Warner, Phonoscope
St Louis	15%	MFS, TCG, MCI Metro, DTI, St Louis Fibernet
Kansas City	7%	ACSI, Brooks, KC Fibernet
Los Angeles	49%	MFS, TCG, MCI Metro, ICG, GST, Nextlink
San Francisco	48%	MFS, TCG, MCI Metro, ICG
Sacramento	27%	Brooks, ELI, ICG
San Diego	30%	MFS, TCG, MCI Metro, ICG, Time Warner
San Jose	11%	MFS, TCG, Brooks
Orange County	58%	MFS, TCG, MCI Metro, ICG, GST, Nextlink
<b>Average CAP High Capacity Market Share</b>	<b>33%</b>	<b>In these metro areas where they have chosen to compete.</b>

Source: Quality Strategies, Pactel region data a/o 10/97, SWBT region data a/o 10/96

- The FCC has acknowledged that the Competitive Local Exchange Carriers (CLECs) can use unbundled network elements (UNEs) in lieu of Special Access. In Texas alone, \$17 million is at risk in year one.

	Award	Intrastate Access*	Discount	Interstate Access*	Discount
Voice Service	12.83	93.32	86%	76.43	83%
DS1	40.95	845.00	95%	508.40	92%
DS3	491.56	--	--	5,659.00	91%

\* Based on typical 8 mile transport